

Springerville Town Council
Minutes
May 31, 2006

Present: Mayor Kay Dyson, Vice Mayor Mary Nedrow, Mark Baca, Pete Hunt and Phelps Wilkins

Staff: Scott Garms, James Hamblin, Steve West, Larisa Bogardus, Max Sadler, Tom Malone, Barbara Gerres, Sharon Pinckard and chamber director Audra Sloane

1. Mayor Dyson called the meeting to order at 6:01 p.m.
2. FY 2006/2007 BUDGET: Discussion and presentation regarding the proposed FY 06/07 budget.

Finance Director James Hamblin explained the updated budgets distributed at the meeting included actual expenses through May 2006 and a few other changes. The 2005-06 budget included some guesswork due to organizational changes, but most things were close. This year's budget will be more accurate because there is a year's worth of data for reference.

This year's budget appears significantly larger because the airport has been included as a department. Last year's budget was about \$5.6 million. The airport represents about \$6.2 million, bringing this year's budget up to \$11.1 million. The actual difference is about \$210,000 due to an increase in revenue.

Animal Control has been split into a separate department and a GIS department has been created. Most of the GIS expenses are covered by a Homeland Security grant, but data input will be an expense as the system is implemented. The system will ultimately save money in other departments, for example, enabling public works to pinpoint the location of utility lines and track maintenance.

Discussion then began of each individual department.

Mayor and Council: Includes all wages, whether council members choose to accept payment or not, Mr. Hamblin said. Postage and freight were increased due to anticipated increase in communications to residents regarding code changes and other things, through newsletters and mailings. Auditing and accounting are slightly higher due to the need to make corrections in past-year financials.

Town contributions include Little Colorado River Watershed Partnership and the hiring of a lobbyist to represent the region to ADOT, Town manager Scott Garms reported. The lobbyist fees cannot be charged to HURF. Chamber support has also been moved to this department. The chamber hasn't submitted a budget request, but traditionally has received \$35,000.

Discussion moved to legal services. Only the Town Attorney is included in the mayor/council budget. Prosecution costs are in the police and zoning budgets. The Town has used the same attorney for 5 years, but does not have a contract, so the services could be bid at any time. It was decided that an advertise for bids in order to compare costs.

Chamber Director Audra Sloane said the chamber is not ready to submit a funding request.

EDAC has requested \$25,000. Last year the Town gave \$5,000 and that is the amount budgeted this year. Something else would have to be cut in order to increase the contribution, as the budget is balanced. The bylaws do not require funding from the member governments, but there is resentment that the Town does not give more. It was felt that the economic development that has happened was driven by the municipalities, not EDAC staff. EDAC does provide CDBG administration services, but that is paid for through CDBG and is separate from EDAC's budget. It was decided to give \$5,000 this year and give the new director a chance to justify additional funding.

Council contributions were also discussed. In the past, the Town has given to 4-H, the rodeo, Scouts and other programs on a first-come, first-served basis. It was decided not to make donations this year, but to use the money for something that will benefit the whole Town, such as the cemetery or park. Staff will bring back a proposal for any surplus funds.

Casa Malpais: Casa manager Barbara Gerres will be retiring in July. In the past, her position has been split between the Casa and chamber. Staff recommends making the Casa manager position full-time. The pay would be less than Mrs. Gerres makes, but the position would offer full benefits. The Chamber will hire a separate assistant. Mr. Hamblin also noted that the Town pays all taxes and utilities and

provides maintenance for the building shared by the Casa and chamber. He suggested the chamber be asked to share those costs.

It was decided to consider the chamber and Casa jointly at a future meeting.

Magistrate: There is no change other than insurance and all costs are fixed.

Administration: Additional training money was included because some staff were not able to attend trainings last year. Contractual expenses include the department's share of cleaning, trash and other services. Legal advertising was increased to cover the cost of codification updates.

A new line item is safety. The Town's outstanding safety record has reduced our worker's compensation insurance premiums. Mr. Malone and Mr. Hamblin will be getting safety certifications, which will also keep costs down. A comprehensive safety program will encourage staff to continue these efforts.

A new administration vehicle is budgeted as a contingency item.

Finance: Each departmental budget includes an estimated payout of 50 percent of sick time and 25 percent of vacation per employee. If there is turnover, the Town must pay all accrued time.

Group insurance has increased because of changes in staff and their family status. Overall, insurance is increasing about 12 percent. This is very competitive, as the average is closer to 20 percent.

Mandatory state retirement contributions are increasing 1.7 percent. A 3.8 percent COLA has been budgeted, in part to offset this cost to employees.

Machinery and equipment covers upgrades and additions to software. Soon the cemetery will be on computer, which will make tracking easier. Also, the website will be modified to accept credit card payments for water bills and other fees. Many payments are being made by telephone because we do not offer the webpay option.

GIS: Most of this is for contractual services to set up the system. The Town is saving a great deal by purchasing the same system used by most other entities in the region and sharing information with other governments. Homeland Security is covering most of the costs, thus the first element will be the law enforcement component. Public works will follow, because infrastructure has a Homeland Security element as well. Other expenses including the cost of staff inputting the data. It might be possible to obtain grant funds to cover this, too.

Zoning and Building: The building inspector's time is being increased from 25 percent to 50 percent. Contracting with Apache County for inspection services was proposed. Staff were directed to look into this and report back.

Police: Uniform allowances are the lowest in two counties. In the past, they were recorded in accounts payable, but should have been listed as a wage because it is a taxable item. This year it is a separate line item.

Investigations are being split out because if they are tracked, the Town can potentially recoup the costs if a convict is ordered to pay restitution. One full-time officer will continue to be paid through a grant.

Efforts are being made to reduce overtime, however, overall it is not a major issue and in some cases is subsidized by state or grant funds.

Animal Control: No single employee processes more complaints. Machinery and equipment covers the cost of a new bed for the existing truck, however, the entire vehicle might have to be replaced, which will be a contingency item. It is the only department that receives donations.

Fire Department: Since budget requests were prepared, a vehicle has gone down and might have to be replaced. Vice Mayor Nedrow said she felt the fuel cost was too low. Most fuel costs are incurred on calls outside the Town limits, such as wildfires, which are reimbursed. Training was high last year because several firefighters took intensive training. New hose and turnouts are a contingency item, however, at least two turnouts are absolutely necessary. A grant might be available for this.

Health and Sanitation: This is mosquito control.

Building Maintenance: Most of this is shared among the departments, however lightbulbs, doors and other items are included here.

Mechanic Shop: Costs appear lower because vehicle service is charged to the vehicle's department, plus the mechanic works in other areas as needed.

Parks and Cemetery: Although often put on the backburner, the cemetery is necessary and the park is a quality of life issue. Both have been neglected. The new skate park slab will be done this year. Also, park improvements are budgeted and may be matched by a grant. Irrigation of parks and the Town Hall property was discussed. Staff were directed to report back on problems associated with the Town's irrigation easement. Public works also plans trail improvements and other maintenance. Sprinklers were installed around the ramada at Pioneer Park to encourage grass there, but most of the park flora is indigenous and requires little or no watering. Cemetery maintenance was discussed as well.

Public Works: Virtually all of this is represented in other departments where the work is done. Most of the expense is general supplies and costs associated with the public works yard.

Debt Service: This is all the Town's long-term debt not including the sewer bonds. The skate park was paid off this year. The other debts are the administrative and police copy machines.

Town Hall Remodel: Some of this is carrying over from this year. Carpeting, phones and restroom fixtures will be installed soon. Homeland Security has paid for most of the emergency operations center, including computer networking and audio/visual equipment. Administrative offices will likely move this summer.

HURF Revenue: It is possible the Town will receive more, but the budget only reflects what is definitely coming, including the grant to repair Maricopa Drive.

HURF Expense: Like many municipalities, the Town has dipped into this fund for other things in the past and must now pay the money back. HURF is only to be used for roads, however, the Town will not be penalized as long as payments are being made.

Enough money is available to do the same amount of roadwork as was done last year. About 5 miles will be paved, repaired or resurfaced, including one neighborhood that has dirt roads.

Machinery and equipment purchases include a chip spreader, two pickups, a cinder truck and half a backhoe. Some of these items might be partially funded by the FAA because they are used at the airport. The laptops in contingency will be used to input GIS data in the field.

Community Services: Most of this department's services are funded through grants. A new handicapped van is being purchased. One of the old vans will be sold and replaced with a more fuel-efficient vehicle.

General Fund Grants: This represents all the grants staff anticipates applying for in the coming year, but does not include the Town match.

Airport: New lease revenue is anticipated as the airport develops. Also, some grants are overflowing into next year, such as fencing and the security gate.

More public works time has been budgeted to the airport because the FAA requires ongoing maintenance in order to be eligible for funding.

Land acquisition and sale reflects planned swaps to eliminate private land from the airport perimeter. This is funded by the FAA. The airport has the potential to be a major economic engine for Round Valley as hangars and other uses develop. Expenses are only about 1 percent of the anticipated revenue, as state and federal funding cover the vast majority of costs.

Water and Sewer: Although the water department is making some money, no major infrastructure work is being done. The sewer department is now at a \$1.5 million deficit, subsidized by the general fund. Administration is studying impact fees, which would help offset the cost of providing services to new development. More customers are coming online, which represents new revenue as well. Maintenance cannot be funded with impact fees, however, so a user fee might be necessary.

Some states take over utility services that are not in the black, raising rates until they are. Every municipality in the White Mountains is raising rates this year. Pinetop's are expected to double.

Rates must increase regularly to keep up with increasing costs. The Town has avoided increases for too long and residents have balked at large increases. A small increase each year might be more acceptable to customers. Staff are also seeking ways to reduce costs, through more efficient equipment and other changes.

There are state regulations for the adoption of impact fees. First, a consultant must review the system and make recommendations. Then, there is a 60 day review period including public hearings before council can adopt fees. The fees themselves do not take effect for 90 days.

Well rehabilitation has been budgeted in order to generate more water without the cost of drilling new wells. Also, a USGS water atlas developed for the Little Colorado Watershed should help the Town assess its water needs. Water is adequate now, but more will be needed to meet future demand.

Tank maintenance is a contingency item, but staff do not have the capability to do it in-house. The Town needs a capital improvement plan, which staff will be developing in the coming year.

Contingency: Contingency budgets must show a realistic source of funds as well as expenses. To do this, a \$200,000 transfer from savings is budgeted, however, staff do not recommend actually taking this action to fund these items. Items will be funded as other funding becomes available. By budgeting these items, council will not have to consider budget amendments later.

3. **SELECTION OF MEETING DATE:** It was decided a second work session is not necessary. A final report will be presented to council during the June 21st regular council meeting. Staff were directed to address building inspections, bidding legal services, and chamber/Casa funding.

4. **Adjournment:**

The meeting was adjourned at 9:05 p.m.

Kay Dyson, Mayor

ATTEST:

Larisa Bogardus

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council in regular session on Wednesday, May 31, 2006. I further certify that the meeting was duly called and quorum was present.

Dated this 1st day of June 2006

Town Clerk